

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT. OLIVET)	CASE NO. 9918-Q4
NATURAL GAS COMPANY, INC.)	

O R D E R

On August 10, 1987, in Case No. 9918, the Commission approved certain adjusted rates for Mt. Olivet Natural Gas Company, Inc. ("Mt. Olivet") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On September 3, 1996, Mt. Olivet filed its GCA proposed to be effective from October 1, 1996 to January 1, 1997.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Mt. Olivet's notice proposed revised rates designed to pass on its expected wholesale increase in gas costs to its customers. Mt. Olivet's proposed expected gas cost ("EGC") was based on June billings from Natural Gas Clearinghouse; because of the unusually high levels of gas prices during the summer months, the proposed EGC is appropriate to estimate the levels of gas cost for the quarter. The EGC is \$3.9202 per Mcf.
2. Mt. Olivet has no current supplier refunds. The total refund adjustment of 13.11 cents per Mcf reflects previous quarter adjustments.

3. The notice set out a current quarter actual adjustment ("AA") of 4.03 cents per Mcf to reconcile gas cost from April, May, and June 1996. The total AA of 34.35 cents per Mcf reflects the current under-collection as well as under- and over-collections from previous quarters, and corrects for an error in which Mt. Olivet used incorrect previous quarter adjustments (\$.4703, (\$.2511) and \$.0041 instead of \$.1612, \$.1307, and \$.0113 respectively).

4. These adjustments produce a gas cost recovery rate of \$4.1326 per Mcf, 25.63 cents per Mcf more than the prior rate.

5. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved with gas supplied on and after October 3, 1996.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Mt. Olivet be and they hereby are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after October 3, 1996.
3. Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 3rd day of October, 1996.

PUBLIC SERVICE COMMISSION

Linda K. Breathitt
Chairman

Ed J. Wilson
Vice Chairman

B. J. Neaton
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9918-Q4 DATED OCTOBER 3, 1996

The following rates and charges are prescribed for the customers in the area served by Mt. Olivet Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1,000 cu. ft. or less	\$2.98	\$4.1326	\$7.1126
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	4.1326	5.3939
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	4.1326	5.1939
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	4.1326	5.0439
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	4.1326	4.8439